

# **STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

## **AUDIT & ACCOUNTS COMMITTEE DECISIONS**

**FRIDAY, 2 AUGUST 2024**

PRESENT: Councillor M Spooner (Chair)

Councillors J Cox, K Flunder, D Proudlove and N Yates

IN ATTENDANCE: Councillor(s) C Wood

APOLOGIES: Councillors C Edwards, A Parkes, A Hart and Mr J Berrisford

15 **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

16 **MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting of the Audit and Accounts Committee held on 7 June 2024 be approved as a correct record.

17 **AUDIT COMMITTEE UPDATE - GRANT THORNTON**

A verbal summary of the Audit Findings Reports was delivered to members by representatives from Grant Thornton.

Members were reassured that the Audit Backstop was on track and plans would be put into place should there need to be additional meetings scheduled to sign off reports.

Members discussed the valuation of assets that had been refurbished against the value for money and the independent process around this.

The Chair advised members to use the resources detailed on page 11 of the report.

RESOLVED:

That the report be noted.

18 **RISK MANAGEMENT UPDATE**

The Council's Strategic, Operational and Project Risk Registers were reviewed by the Audit and Accounts Committee on an exception basis. This report was based on the Council's position as at March 2024.

The latest analysis of the Strategic Risk Register revealed that the Council had identified and assessed 19 strategic risks, of which 8 (42%) were rated as 'high' and therefore above the Council's risk tolerance threshold. The eight 'high' rated risks are listed in full at Appendix A. The Operational Risk Registers revealed that the Council had identified and assessed 40 operational risks in total, of which 13 (32%) were rated as 'high' and, therefore, above the Council's risk tolerance thresholds. The risks falling within the 'high' category are listed in full at Appendix B. The project

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risk registers cover 7 projects, total risks had increased significantly following the inclusion of the three risk registers for the LUF project.

Members were advised that the report was a running commentary and it was constantly refreshed and updated.

RESOLVED:

That the Committee noted the Council's current risk position and the mitigation/ fruition plans summarised within Appendix A (strategic risks), Appendix B (operational risks), Appendix C (project risks) and Appendix D (opportunity risks).

### 19 **TREASURY MANAGEMENT UPDATE REPORT**

The report allowed robust scrutiny of the Council's Treasury Management performance in 2024/25 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and generally accepted good practice.

The report was delivered in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management, which recommends that members be updated on treasury management activities regularly (annual, mid-year and quarterly reports).

This report comprised of the following:

- The latest interest rate forecast
- The investment portfolio and investment income
- The capital loan (service investment – housing)
- Borrowing requirements with associated borrowing costs
- Compliance against Prudential and Treasury indicators set in the Treasury Management Strategy 2024/25

The Officer provided an overview of the main headlines which were:

- The Bank of England base rate had remained at 5.25% since the previous report. At the end of the quarter, the Council's investment portfolio total was £19.99million spread across seven separate institutions; of this balance, specific ESG linked investments were £3.5million with two institutions. Average balances were £19.96million. A shortfall of £82,500 in investment income is forecast against a budget of £912,140.
- The capital loan (service investment – housing) was earning £307,000 interest during the year.
- The Council's level of external debt at the end of the quarter was £11.1million. Savings of £50,000 were forecast against the borrowing costs budget of £588,020.

RESOLVED:

Members noted the current Treasury Management position as at 30 June 2024.

### 20 **DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24**

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Regulation 6 (1) (a) of the Accounts and Audit Regulations 2015 requires the Council to conduct a review each financial year of the effectiveness of its system of internal control and approve an Annual Governance Statement (AGS).

The Statement needs to be prepared in accordance with proper practices in relation to accounts and must be approved in advance of the Council approving the statement of accounts. 'Proper practices in relation to accounts' relates to those accounting practices which are contained in a code of practice or other document which is identified for the purposes of this provision by regulations made by the Secretary of State. Such guidance is contained in the CIPFA/SOLACE framework and guidance on 'Delivering Good Governance in Local Government'.

Members discussed how the council controlled companies fitted into the reporting matrix and suggested that more detail was required concerning their governance. A scope is being established to review the value for money of The Alliance in response to the recent CPC and Audit reports. Extending the scope of this to consider council controlled companies was discussed.

RESOLVED:

1. That the Committee note the draft Annual governance Statement 2023/24.
2. That the Executive Director (Resources) report back to the next meeting on the potential for extending the scope for council controlled companies.

### 21 **DRAFT STATEMENT OF ACCOUNTS 2023/24**

The report allowed for the scrutiny of the draft Statement of Accounts 2023/24, in compliance with the legislative provisions relating to financial reporting and the Council's commitment to transparency and accountability in the stewardship of public funds.

Members expressed their thanks to the Finance team for the report and discussed the details on page 75 which appeared to show an inaccuracy. They further discussed the variances between plant and equipment and waste collection. Members were advised that the valuations were a snapshot in time statement and are scrutinised by the external auditor.

RESOLVED:

That the draft Statement of Accounts 2023/24 be noted.

### 22 **INTERNAL AUDIT PROGRESS REPORT**

The Accounts and Audit Regulations 2015 requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance". In accordance with the Public Sector Internal Audit Standards, the Audit Manager must report periodically to the Audit Committee on the internal audit activity's performance relative to its plan.

Members thanked Officers for their hard work in getting the recommendations implemented and back on track.

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RESOLVED:

That the progress information within the report be noted.

### **23 ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

The Accounts & Audit Regulations 2015 require the Council to, each financial year, conduct a review of the effectiveness of the system of internal control, and that the findings of this review must be considered by a committee or by members of the authority meeting as a whole. An annual review of the effectiveness of Internal Audit to demonstrate conformance with the Public Sector Internal Audit Standards and Local Government Application Note forms part of this review.

Members were advised that the Public Sector Internal Audit Standards change in 2025. Members thanked the Audit team for their hard work.

RESOLVED:

That the committee note the annual review of the effectiveness of the Internal Audit for 2023/24 including the Quality Assurance and Improvement Programme and that Internal Audit is operating effectively and can be relied upon when considering the Annual Governance Statement for 2023/24.

### **24 REVIEW OF EFFECTIVENESS OF AUDIT & ACCOUNTS COMMITTEE**

Having considered the report on the Annual Review of the Effectiveness of Internal Audit, members of the Audit & Accounts Committee will be aware of the requirement to comply with the Accounts & Audit Regulations 2015. As part of this process of assurance, best practice suggests that an annual review of the effectiveness of the Audit & Accounts Committee should be undertaken. This review has not been undertaken for several years following the pandemic and subsequent changes to the committee's membership.

Members were advised that both councils had similar results and the training programme will be established to deliver on these findings.

RESOLVED:

1. That the Committee nominated Councillor Keith Flunder to complete the self-assessment checklist and the assessment tool in conjunction with the Head of Audit and the Executive Director (Resources).
2. That the Committee approved the outcome of the self-assessment and the development of a training programme that includes the six priority areas for development.
3. That the Committee noted the review of its TOR against the current CIPFA guidance with a view to presenting an updated version for consideration at its next meeting.

### **25 WORK PROGRAMME**

RESOLVED:

That the work programme be noted.

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The meeting closed at 11.20 am

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